

1 **EXECUTIVE DIRECTOR'S REPORT**

2

3 CHAIRMAN JAMES: We're ready for the Executive
4 Director's report.

5 MS. KENNEDY: Thank you, Madam Chair. Building on the
6 positive results of the Commission's on site meeting in Boston,
7 the agenda for this meeting was put together with great care at
8 the direction of the Chair. Much work went into the balance of
9 the various panels, as well as laying out time lines to benefit
10 the witnesses as well as the Commissioners.

11 Your advice and assistance in this regard was greatly
12 appreciated. It's our hope that the materials that we provided
13 you in advance on background were of assistance to you in framing
14 your questions today and yesterday.

15 At tab five you will find a new staffing chart. The
16 changes are merely title changes. Tim Bidwell who has always
17 done projects for the Chair and reported both to the Chair and
18 myself, will now have the title to reflect those duties. Allison
19 Flatt and Doug Seay are now associate research directors instead
20 of policy analysts, reflecting the breadth of their assignments
21 and Amy Ricketts is now press secretary instead of communications
22 assistant which also reflects her added responsibilities.

23 I'm very disappointed to report to you today that we
24 have not been able to reach satisfactory conclusion with the
25 General Accounting Office in our search for a staff economist to
26 be detailed to the Commission. Just before we left Washington,
27 we also received a letter from the Secretary of Commerce
28 indicating because of the census project looming that they also

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1 were unable to help us out. So we are now working with
2 Agriculture on our request.

3 The good news is we do have another intern on board,
4 Miss Sohee Park who is a student at American University and she
5 will be with us through the summer working on research projects.

6 As is my duty at every meeting, I remind you of the
7 confidentiality provision of the supplemental operating rules
8 adopted by the Commission and that everyone has a legal
9 obligation under 18 U.S. Code, Section 1905 to observe the
10 safeguarding of confidential information. At the request and
11 suggestion of Commissioner Bible, we have started marking all
12 such documents appropriately.

13 The Research Subcommittee, chaired by Commissioner
14 McCarthy, and comprised of Commissioners Wilhelm and Dobson and
15 staffed by our research director, Dr. Tim Kelly will have a lot
16 of good news to impart with you during this meeting. They are
17 moving ahead on many fronts.

18 The budget which is at tab six remains on target in
19 the aggregate. The exciting news, which Tim Kelly will go into
20 greater detail in his progress report, is that the research
21 portion of the budget is now operating in the black, with a
22 slight surplus.

23 I gave you some bad information unintentionally at
24 the last meeting on our search engine, Lexus Nexus. When their
25 representative visited our office to talk about a contract and
26 quoted a \$30,000 contract, they thought that those employees in
27 Suite 450 at 800 North Capitol Street were the communications
28 department for the Commission and they were going to charge us
29 accordingly.

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1 It was the staff's understanding from the
2 Commissioners' discussion in Boston that the issues to be
3 addressed in San Diego and Tempe are para-mutuel and off-track
4 betting and Native American casinos. The staff has advanced this
5 trip and we hope to have information soon after this meeting as
6 to the site locations in both cities.

7 Under tab seven you will find a more detailed outline
8 of the prospective issues for that meeting and I would welcome
9 any comments you'd like to make at this time.

10 CHAIRMAN JAMES: I would ask Commissioners, that
11 after you have a chance to look at that, of course we will be
12 getting back to you for your comments, your insight on those, and
13 please feel free to do that.

14 MS. KENNEDY: With regard to the rest of our work
15 plan on site for the year, Doug Seay was the guest of
16 Commissioner Moore at the Southern Gaming Conference in Biloxi
17 last month and was able to do some advance work there and in New
18 Orleans for our early September meeting.

19 In looking at the work plan we ask for decisions on
20 issues. As you will note, we have a very, very short turnaround
21 time between the July and September meetings, and we'll be
22 dealing with some phase of both the on site visits at the same
23 time this summer.

24 An outline of recommended topics can also be found at
25 tab seven. I would appreciate any comments that the
26 Commissioners might have.

27 Our last trip of the year in November will be to
28 Nevada, Las Vegas-Laughlin. Tim Kelly will be going out to Las
29 Vegas in about ten days or 15 days to give a presentation at the

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1 National Conference on Problem Gambling on the Commission's
2 research agenda and will be doing our advance for the November
3 trip at that time. At this point the Commission has indicated
4 interest in looking at sports wagering which encompasses youth
5 gambling and convenience gambling. And I would like to hear any
6 other suggestions the Commissioners would like to make as to
7 issues that Tim could advance while he is in Las Vegas next
8 month.

9 COMMISSIONER LANNI: It was suggested by Commissioner
10 Dobson that the issue of slot clubs be addressed. It might be
11 logical, I suggested to him at the break, that it might be
12 logical to include that in the Las Vegas meeting, with maybe a
13 panel of entities or individual companies that represent slot
14 clubs, for them to make a presentation as to what they're
15 comprised of, if that's acceptable.

16 COMMISSIONER DOBSON: That sounds good to me.

17 MS. KENNEDY: Okay. Thank you.

18 COMMISSIONER MC CARTHY: I think the whole issue of
19 credit card and credit extension might be an appropriate issue
20 for Las Vegas. I just want to raise the possibility of that now,
21 without making a final decision on it. I think I need some more
22 conversation with my colleagues on this.

23 COMMISSIONER DOBSON: May I ask a question about
24 that? Do we know, Commissioner McCarthy, or has the research
25 established the percent of gambling done in casinos that's done
26 with borrowed money?

27 COMMISSIONER MC CARTHY: I haven't seen any such
28 research.

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1 COMMISSIONER DOBSON: Then in our research committee
2 I would like to raise that issue and talk about the possibility
3 if we could find that out.

4 COMMISSIONER MC CARTHY: Definitely.

5 COMMISSIONER DOBSON: Thank you.

6 MS. KENNEDY: Staff continues pro-active outreach to
7 media and to the public and I think you can see the concrete
8 evidence here in Chicago of the increased attention being paid to
9 the Commission's work by electronic and print media. The
10 Commission's Website, www.ngisc.com has had a wonderful
11 beginning. The Government Printing Office reports that from our
12 startup date of March 11 through the end of that month, we
13 received 16,777 successful hits. In other words, people pulled
14 up our website successfully that many times. For that same
15 period of 20 days, 104 files were downloaded by customers. The
16 biggest percentage of the hits came, as you would well expect,
17 from the United States, but we received visits from places as
18 exotic as Surinam, Korea, Kuwait and Japan. If any of the
19 Commissioners would be interested in receiving a complete copy of
20 the analysis, we'll be glad to send it to you.

21 I would like to also add that as we get more
22 comfortable with our website, we're able to produce better, more
23 efficient information and I'm pleased to advise you that all of
24 the written testimony that we had in the office for yesterday and
25 today are up on the website. The white papers prepared by Doug
26 Seay and Allison Flatt will go up on the website after each are
27 delivered. So, Doug's is on the website; Allison's will be at
28 the end of the day.

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1 This concludes my report and I'd be pleased to answer
2 any further questions that the Commissioners might have.

3 CHAIRMAN JAMES: Commission Dobson.

4 COMMISSIONER DOBSON: Ms. Kennedy, as you know, a
5 number of the reports that were given at this conference on these
6 two days was distributed to us in a hard copy here rather than in
7 advance. Is it possible to ask our presenters to do that a
8 couple of days early or get to us a couple days early so that the
9 questions that we ask are more probative and intelligent than
10 just the spontaneous reaction to what they have said?

11 MS. KENNEDY: We do that, and we will continue to try
12 even harder to get the testimony to us in advance.

13 CHAIRMAN JAMES: I have that as a high priority. I
14 want to tell you, one of the problems that I have, Commissioner
15 Dobson, is making a decision when a presenter who is someone that
16 we sincerely want to hear from just doesn't get it in on time and
17 then I have a decision to make; do I therefore say you are not
18 able to present, or do I allow them to come on and present and
19 bring their documentation with them when they come. But I do
20 want you to know that it's something that I constantly press the
21 staff on and they in turn constantly press presenters for. It is
22 a very high priority.

23 It's very frustrating to me personally and I must
24 have had a least three or four this time that I had to make a
25 decision was it worth not hearing from them at all or letting
26 them come and present but bring their documentation with them.

27 COMMISSIONER DOBSON: Slides go by very, very quickly
28 when you haven't had a chance to study the material. I have a
29 feeling I'm missing a lot and I probably am.

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1 CHAIRMAN JAMES: I could not agree with you more.

2 MS. KENNEDY: What I would like to propose is when we
3 start, as I call it, hounding the witnesses for their testimony,
4 I think I'll slip a copy of the transcript from these last couple
5 minutes in and let them know that there's a possibility that they
6 may show up and not be able to testify.

7 COMMISSIONER LANNI: Would it be appropriate, Madam
8 Chair, to have a motion that only with your exception would a
9 person be allowed to present without?

10 CHAIRMAN JAMES: I think that would be good.

11 COMMISSIONER BIBLE: We already have a provision for
12 it.

13 CHAIRMAN JAMES: It's in the rules.

14 COMMISSIONER BIBLE: Three days for testimony. The
15 problem is enforcibility.

16 CHAIRMAN JAMES: Right.

17 COMMISSIONER BIBLE: Perhaps we can just let everyone
18 know that if it's not in within it will be considered at a
19 subsequent meeting of the Commission.

20 CHAIRMAN JAMES: The only issue with that,
21 Commissioner Bible, is that it affects our work. We can do that
22 and it would be punitive to them but it also delays our progress
23 and delays our work. So the decision just simply has to be made
24 whether or not we allow them to go ahead and testify and receive
25 it on site.

26 COMMISSIONER BIBLE: I think we all agree that it's
27 very difficult to understand the presentation if it's fairly
28 complicated and it contains a lot of statistical information
29 which you haven't had an opportunity to study.

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1 CHAIRMAN JAMES: I agree.

2 MS. KENNEDY: We agree with you also.

3 There are no other questions? That will conclude my
4 report.

5 CHAIRMAN JAMES: I have one question, and I would
6 just like for you to explain to the Commission the various
7 cabinet offices that we have contacted to either have meetings
8 with or to solicit their support. I was very disappointed, given
9 the nature of this issue and its importance as a public policy
10 issue, the response, and I was particularly concerned about the
11 Department of Health and Human Services at the federal level,
12 given the fact that this is an issue that we really do need their
13 expertise or help on, particularly as it relates to some of the
14 mental health comments. I was very concerned that we wrote and
15 asked for an appointment with the Secretary of HHS to discuss
16 these issues with her and see where we might solicit some support
17 from them. Can you give us an update to what the response to
18 that has been?

19 MS. KENNEDY: Also these were not letters from the
20 Executive Director. These were letters from the Chair of the
21 Commission to Secretary Shalala and to General Reno at the
22 Justice Department, both of whom have declined to meet with the
23 Chair. The Secretary of HHS offering nothing other than a
24 regret; the Attorney General at least offering to have the
25 associate Attorney General or the Assistant Attorney General that
26 covers bankruptcy -- I'm not sure what the division is called.

27 CHAIRMAN JAMES; And that's fine. I don't need to
28 meet with the Secretary. What's most important to me is that
29 where these issues are important and relevant and they could be

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1 helpful to this Commission, that we at least get the courtesy of
2 something other than a simple regret that they have no interest
3 in meeting with the Commission.

4 COMMISSIONER DOBSON: Would it be appropriate, Madam
5 Chairman, to have the Commission send a letter to Secretary
6 Shalala with copies to the President and to the Majority Leader
7 and Minority Leader of the House and the Senate?

8 CHAIRMAN JAMES: One would hope that the Chairman of
9 this Commission could get a meeting with the Secretary of Health
10 to discuss these important issues.

11 COMMISSIONER DOBSON: I would think so.

12 CHAIRMAN JAMES: You know, it doesn't need to be the
13 Secretary. I know how those things operate. I used to be the
14 Secretary in a state, not at the federal level. Maybe there is
15 someone else who is more appropriate, and that's fine. But I do
16 wish that we could get some support, some help at the federal
17 level. We have talked this morning about the issue of
18 pathological gambling and the addictive nature and it seems to me
19 that it would be very appropriate to learn what the department
20 already has, so that we would not be duplicating the work and
21 seeing what research they're involved in. That would be very
22 helpful.

23 MS. KENNEDY: I will be pleased to pursue the
24 appropriate Assistant Secretary of HHS.

25 CHAIRMAN JAMES: I would go back to her first and
26 express the will of the Commission. I don't think we need any
27 kind of formal vote on that. We'll see where that goes.

28 COMMISSIONER LEONE: Have you thought about asking
29 the Congressional Budget Office to detail an economist? They

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1 will be busy again in the fall, but this time of year is one of
2 the better times for all the people involved in both the
3 Executive and --

4 MS. KENNEDY: That was probably the very first
5 official action I took last November, was sending a letter to the
6 Director of CBO, and their response was we don't do that.

7 CHAIRMAN JAMES; Any other questions? You may want
8 to go back and revisit that. Any other questions for Executive
9 Director?

10 Thank you very much.

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